

AR20

STANDARD RADIO LIMITED



43rd ANNUAL REPORT 1967-68

YEAR ENDED MARCH 31, 1968



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1. CFRB and CJAD news teams combined to cover the Liberal leadership race from Ottawa's Civic Centre.

2. CFRB's "Let's Discuss It" public affairs program continues to be one of the weekend's broadcasting highlights and features leading guest-star figures in the news. CFRB's Harnett, Hesketh, Dennett, and Gordon Sinclair are shown with recent guest Real Caouette.

3. CFRB newsmen keep Canada's largest radio audience informed on latest developments in Progressive Conservative leadership race at Maple Leaf Gardens.

4. CJAD's H. T. McCurdy welcomes Royal Bank of Canada President, W. Earle McLaughlin aboard the station's helicopter on its first traffic patrol under the bank's sponsorship.

5. "British Week" in Toronto was celebrated with giant displays in Yorkdale Shopping Centre. CKFM broadcast interviews with visiting Britishers from its special booth and utilized CKFM-clad models to distribute station's shopping bags and program highlights.

Standard Radio Limited

Notice of Annual and Special General Meeting of Shareholders

June 26, 1968

NOTICE IS HEREBY GIVEN that the Annual and Special General Meeting of the Shareholders of STANDARD RADIO LIMITED (hereinafter called the "Company") will be held in The Royal York Hotel (British Columbia room), Toronto, Ontario, on Wednesday, the 26th day of June, 1968 at 12:00 o'clock noon (Eastern Daylight Saving Time) for the following purposes:

1. To receive the consolidated financial statements of the Company and its subsidiaries for the year ended March 31, 1968, together with the reports of the directors and auditors thereon.
2. To elect directors.
3. To appoint auditors.
4. To consider and, if approved, to sanction (subject to such changes, if any, as may be approved at the meeting), By-law No. 29 of the by-laws of the Company changing, subject to confirmation by supplementary letters patent, the name of the Company to Standard Broadcasting Corporation Limited.
5. To consider and, if approved, to sanction (subject to such changes, if any, as may be approved at the meeting), By-law No. 30 of the by-laws of the Company, being a by-law providing for the subdivision of each common share of the Company into five common shares and authorizing an application for supplementary letters patent to confirm such By-law.
6. To consider and, if approved, adopt and confirm (subject to such changes, if any, as may be approved at the meeting) the 1968 Stock Option Plan (a copy of which is enclosed) recommended by the directors of the Company whereby key executives and employees of the Company and its subsidiaries may be granted the right to purchase common shares of the Company.
7. To transact such further or other business as may properly come before the meeting or any adjournment or adjournments thereof.

Copies of By-laws Nos. 29 and 30 may be inspected at the head office of the Company, 2 St. Clair Avenue West, Toronto, Ontario, or at the office of the Company's transfer agent, Crown Trust Company, 302 Bay Street, Toronto, Ontario, during ordinary business hours at any time before the meeting.

DATED at Toronto the 5th day of June, 1968.

By Order of the Board,

D. A. WILLIAMS,
Secretary.

NOTE: All shareholders unable to be present at the meeting are requested to complete the enclosed form of proxy and return it in the envelope provided for that purpose.

INFORMATION CIRCULAR

The information contained in this circular is furnished in connection with the solicitation of proxies by the management of STANDARD RADIO LIMITED (hereinafter sometimes called the "Company") for use at the annual and special general meeting of shareholders of the Company (hereinafter called the "meeting") to be held on Wednesday, June 26, 1968, at 12:00 o'clock noon (Eastern Daylight Saving Time) in the Royal York Hotel (British Columbia Room), Toronto, Ontario, for the purposes set forth in the foregoing notice of meeting. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by regular employees of the Company. The cost of solicitation will be borne by the Company.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Only holders of common shares without par value of the Company will be entitled to vote at the meeting. Each holder of a common share of the Company of record on June 26, 1968, the date of the meeting, will be entitled to one vote for each such share held. As at May 15, 1968, 1,113,600 common shares of the Company were outstanding.

Argus Corporation Limited beneficially owns 536,995 common shares of the Company, which represents approximately 48.2% of the outstanding common shares of the Company.

ELECTION OF DIRECTORS

The following are the names of the persons for whom it is intended that votes will be cast for their election as directors pursuant to the proxy which is hereby solicited: George M. Black, Jr., William A. Corbett, W. C. Thornton Cran, Pierre P. Daigle, Hon. George B. Foster, W. Leo Knowlton, A. Bruce Matthews, Maxwell C. G. Meighen, John A. McDougald and J. Harry Ratcliffe.

The term of office for each such person will be until the next annual meeting or until his successor is elected or appointed. In the event that prior to the annual and special general meeting any vacancies occur in the slate of nominees submitted herewith it is intended that discretionary authority shall be exercised to vote the proxy for the election of any other person or persons as directors.

INFORMATION CONCERNING NOMINEES AS DIRECTORS

<u>Name and Present Principal Occupation</u>	<u>Year first became a Director</u>	<u>Approximate number of common shares beneficially owned directly or indirectly as of May 15, 1968</u>
GEORGE M. BLACK, JR. Director, Argus Corporation Limited (Investment Holding Corporation)	1964	1,000
WILLIAM A. CORBETT, Solicitor, Fraser, Beatty, Tucker, McIntosh and Stewart (Barristers and Solicitors).....	1966	25
W. C. THORNTON CRAN President, Standard Radio Limited (Holding Company).....	1959	10,500
PIERRE P. DAIGLE Vice-President, Daigle & Paul Ltée (Lumber Dealers).....	1961	25
HON. GEORGE B. FOSTER, Q.C., Barrister, Foster, Watt, Leggat, Colby, Rioux & Malcolm (Barristers and Solicitors).....	1961	1,750
W. LEO KNOWLTON, Q.C. Chairman of the Board, Zurich Life Insurance Company (Life Insurance Company).....	1960	50
A. BRUCE MATTHEWS, Chairman of the Board, Excelsior Life Insurance Company (Life Insurance Company).....	1953	5,060
MAXWELL C. G. MEIGHEN, President, Canadian General Investments Limited (Closed End Investment Trust).....	1965	100
JOHN A. MCDUGALD, Chairman and President, Crown Trust Company (Trust Company)...	1947	13,458
J. HARRY RATCLIFFE, Chairman of the Board, McLeod, Young, Weir & Company Limited (Investment Dealers).....	1950	2,500

NOTE: (a) Mr. John A. McDougald is also Chairman of the Board of the Company.
 (b) Each nominee who is stated to have first become a director in a specified year has served continuously as a director from the year indicated.
 (c) The above nominees have held their principal occupations for five years and over.

REMUNERATION OF MANAGEMENT

During the fiscal year ended March 31, 1968, the aggregate direct remuneration paid or payable by the Company and its subsidiaries to all directors and senior officers as a group was \$286,247; the estimated aggregate cost to the Company and its subsidiaries of all pension benefits proposed to be paid to directors and senior officers as a group under the Company's normal pension plan in the event of retirement at normal retirement age was \$22,981; and the aggregate of all remuneration payments (other than those referred to above) proposed to be made in future by the Company or any of its subsidiaries to directors and senior officers of the Company cannot at the present time be definitely stated but the maximum amount which the Company may be required to pay in any one year under arrangements now in effect on the basis of continuation of service followed by retirement at normal retirement dates is \$50,000.

STOCK OPTIONS

Since March 31, 1967, senior officers of the Company as a group have purchased common shares of the Company pursuant to stock options granted to them by the Company as follows:

Date of Purchase	Shares Purchased	Purchase Price Per Share	Price Range 30 day Period Preceding Date of Purchase	
			High	Low
April 10, 1967.....	2,000	\$11.8125	\$30.5	\$25.37
May 2, 1967.....	2,500	\$11.8125	\$30.5	\$28.50
May 25, 1967.....	1,000	\$11.8125	\$31.0	\$29.00
June 1, 1967.....	1,000	\$19.6250	\$32.5	\$29.25
July 13, 1967.....	1,000	\$19.6250	\$38.0	\$31.50
February 29, 1968.....	500	\$29.8750	\$44.0	\$39.25

APPOINTMENT OF AUDITORS

It is intended to vote the proxy to re-appoint the firm of McDonald, Currie & Co., the present auditors, as auditors of the Company to hold office until the next annual meeting of shareholders.

VOTING OF PROXIES

A shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for him and on his behalf at the meeting other than the persons designated in the enclosed form of proxy. To exercise this right the shareholder may insert the name of the desired person in the blank space provided in the proxy and strike out the other names or may submit another appropriate proxy.

The shares represented by the proxy will be voted and where a choice with respect to any matter to be acted upon has been specified in the form of proxy the shares will, subject to Section 105 of The Securities Act, 1966, (Ontario), be voted in accordance with the specifications so made.

The form of proxy confers discretionary authority with respect to amendments or variations to matters identified in the notice of meeting and other matters which may properly come before the meeting. The management knows of no such amendments or variations or other matters to come before the meeting other than the matters referred to in the notice of the meeting. **However, if any such amendments or variations or other matters which are not now known to the management should properly come before the meeting, the form of proxy will be voted on such matters in accordance with the best judgment of the person voting the proxy.**

A shareholder executing the enclosed form of proxy has the power to revoke it at any time before it is exercised.

June 5, 1968

Standard Radio Limited

1968 STOCK OPTION PLAN

1. The Board of Directors of the Company may from time to time grant to key executives and employees of the Company and its subsidiaries who may be designated by the Board of Directors (including officers but excluding directors of the Company and such subsidiaries who are not salaried employees) the right to purchase common shares without nominal or par value in the capital stock of the Company (hereinafter referred to as "common shares") up to an aggregate number of 200,000 common shares (subject to increase as provided in paragraph 11 below). The Board of Directors of the Company may appoint a Committee of not less than three directors from those directors who are not eligible to purchase common shares under the Plan and may delegate matters relating to the implementation and administration of the Plan to such Committee.

In determining the executives and employees to whom options are to be granted and the numbers of common shares to be covered by such options the duties, salaries, lengths of service, present and potential contributions to the success of the Company and such other factors with respect to the respective executives and employees as shall be deemed relevant will be considered.

2. The purchase price of the common shares under options granted under the Plan to executives and employees of the Company and its subsidiaries shall not be less than the mean between the high and low sale prices per common share on the dates of the granting of such options as reported by The Toronto Stock Exchange. In the event that no sale of common shares is reported on the said Exchange on such dates then such prices shall be determined in accordance with the prices reported by such Exchange on the last day prior to the date of the granting of such rights upon which a sale was reported by such Exchange. Subject to the foregoing limitation, the said purchase price may vary between options granted under the Plan.

3. The common shares subject to the options under the Plan shall be purchasable at such time and in such manner and the options shall contain such provisions as may be determined in each case by the Board of Directors or by the Committee on the directions of the Board of Directors and such terms may vary between options so granted. Each such option shall expire on the date therein provided which date shall not be later than five years from the day upon which the option is granted.

In the event of the expiration or other termination of any option the common shares, the subject of such option, with respect to which the option has not been exercised, may be reallocated under the Plan.

4. The purchase price of the common shares to be purchased upon the exercise of an option must be paid in full at the time of the exercise and neither the Company nor its subsidiaries may, directly or indirectly, lend money to any person for the purpose of assisting him to acquire or carry any common shares issued upon the exercise of an option.

5. Each option shall be non-transferable otherwise than by will or pursuant to the laws of descent and distribution and may be exercised during the life of the optionee only by the optionee.

6. No optionee shall have any rights as a shareholder in respect of common shares subject to an option granted to him until such shares have been paid for in full and issued.

7. If the optionee's employment is terminated (otherwise than by death, by breach by the optionee of any employment agreement with the Company or any of its subsidiaries or by the Company or any subsidiary for just and sufficient cause) the option may be exercised, to the extent that the optionee is entitled to do so at the termination of the employment, at any time within three months after the termination but in no event after the expiration of the term of the option. Nothing in the Plan or any option agreement confers upon any optionee the right to continue in the employment of the Company or any subsidiary of the Company or interferes in any way with the right of the Company or such subsidiary to terminate his employment at any time.

8. If the employment of an optionee is terminated by breach by him of his employment agreement or by the Company or any of its subsidiaries for just and sufficient cause then any option granted to such optionee under the Plan shall forthwith terminate, subject, however, to any specific provision of the option agreement.

9. In the case of the death of an optionee during employment or within three months after termination of his employment (otherwise than as provided for in paragraph 8 hereof) any option held by such optionee may be exercised, to the extent that the optionee was entitled to do so at the date of his death, by his personal representative at any time within such period not exceeding one year after his death (but in no event after the expiration of such option) as is prescribed in such option agreement.

10. Any option granted under the Plan may provide that each person who exercises such option will be required to agree that the common shares purchased thereunder will be purchased for investment only and not with a view to distribution or resale thereof.

11. If the common shares of the Company shall be consolidated, subdivided or reclassified or if any dividend is payable in common shares of the Company or if any other action of a similar nature affecting the number of common shares of the Company is taken then in such event the number of common shares in respect of which options may be granted under the Plan and the number of common shares to be issued upon the exercise of any option theretofore granted shall be correspondingly adjusted without any change, in the latter case, in the total price applicable to the unexercised portion of the option but with appropriate adjustment in the price of each common share covered by the option. The option agreements may, in the discretion of the Directors, provide that if the Company issues rights to shareholders to subscribe for common shares of the Company, each optionee shall have a further option, exercisable during the time within which the rights may be exercised, to purchase at the same price as the shares subject to the rights the number of common shares equivalent to those for which rights would have been issued on the shares subject to the option.

12. The Board of Directors may at any time terminate the Plan with respect to any shares not at the time subject to any option but no such termination shall affect the rights of an optionee holding an option at the time of any such termination without his consent.

13. The Board of Directors may at any time and from time to time amend the Plan provided that without the consent of the shareholders at a meeting of shareholders called to consider such amendment, the number of common shares that may be optioned and sold under the Plan as provided in paragraph 1 hereof shall not be increased, the purchase price at which the common shares may be optioned shall not be reduced except in accordance with the provisions of paragraph 11 hereof, and no executives or employees other than those referred to in paragraph 1 as being eligible to obtain options under the Plan shall be made eligible by any such amendment.

14. Within the foregoing limitations the Board of Directors may determine the conditions relating to and included in any options. The decision of the Board of Directors or, if authorized by the Board of Directors, of the Committee with respect to any matters under this Plan shall be binding and conclusive on the Company and on all executives and employees from time to time eligible to participate therein.

DATED, MAY 15, 1968

NOTE: The 200,000 shares referred to in paragraph 1 are after subdivision provided for by By-law No. 30.

ANNUAL MEETING OF STANDARD RADIO LIMITED - JUNE 26, 1968

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Ladies and gentlemen -- it is my great pleasure to welcome you to the 43rd Annual General Meeting of Standard Radio Limited.

If you approve the By-Law to change the Company's name to Standard Broadcasting Corporation Limited, which I hope you will, this will be the last Annual Meeting of your Company with the name Standard Radio Limited.

I believe this is the first year, certainly during my tenure as president, when the Company has not held its Annual Meeting on its own premises. I felt that we had not a big enough room to risk not being able to accommodate all shareholders who might wish to attend the meeting.

Financial

The financial statements continue to show new highs both for gross revenue and profits.

This year we have shown an eight year comparative statement of earnings and in that statement, for the first time, is shown the Company's gross revenues as well as operating costs and expenses. It is with pride that I draw your attention to this statement as it traces our progress during my tenure of office. During these eight years, our gross revenue has increased from \$2,380,000 to almost 9 million dollars and our profits have grown from 29¢ per share to \$1.72 per share in the year just ended.

This growth has been the result of many things -- the growth of the broadcasting stations -- the increasing number of allied operations introduced through these years -- the artistry and talents of our staffs -- and the administrative acumen with which we control the various aspects of our operations.

By far the greater majority of our surplus funds have, for some years, been kept in the form of short term deposits with leading banks, trust companies and institutions. This has enabled us to take advantage of the rising interest rates and, at the same time, keep our funds liquid. You will notice from the comparative statement how the figure of investment income has grown.

This year we were fortunate to sell our former CJAD transmitter site in Montreal and achieve a capital profit of \$176,000, which we have shown as a non-recurring item. The improvement in our Company's Pension Plan necessitated the payment of \$61,000 to bring the Pension Fund back to a fully funded condition and we have similarly shown this as a non-recurring item.

Current Year

As I indicated in the Annual Report, our business has to date continued to increase and we are optimistic concerning the current year from the results of the first quarter.

One of the items I shall deal with later is the 1968 Stock Option Plan.

I would like to take a moment to comment apropos to our results of the past four years that I feel the previous stock option plan of 1964 was of considerable value to us in attracting and retaining the valuable people who were responsible for those results. In order to ensure continuation of this growth, you will be asked to approve of a stock option plan to which I hope you will consent.

Management

In order to ensure continuation of management we endeavour to promote, wherever possible, from within our own organization. At this year end we have made some important advances in the top management of certain of your operating subsidiaries. Mr. H. T. McCurdy has been made President of CJAD Limited - -

Mr. J. Lyman Potts has been made President of Standard Broadcast Productions Limited and Mr. Larry Dobby has been made President of Standard Sound Systems Company Limited.

Television

I know the matter which interests you probably most, is the position of our application for a license to operate the third VHF-TV station for Toronto on Channel 13. Fortunately, agreements we negotiated with the Rochester and Kitchener stations to accommodate us by changing their frequencies, were long-term agreements, because we have experienced many more delays than we anticipated.

During this period of delay, advertising dollars continue to flow out of our country to pay for advertising placed on Buffalo stations because it cannot be accommodated by the present Toronto stations. For this reason many national advertisers and many more local advertisers now regularly buy advertising on all three Buffalo stations. At one time we monitored one Buffalo station and counted 70 Canadian accounts being aired. A study of Dr. Firestone's report on the future of advertising in Canada, points up that this situation is going to become progressively and increasingly worse.

Your Company has the plans, the know-how, the ability and the finance to set up and operate a full scale Toronto TV station which would go a long way to rectifying this situation. We continue to draw this fact to the attention of ministers of the Government and others responsible for formulating broadcasting licensing policy.

We are up-dating our television application and, in particular, our capital income and expenditure budgets. Each month we are delayed is accompanied by rising costs, particularly land and building costs.

The Broadcasting Act which was assented to on the 7th March , 1968, provides that the Governor in Council directs the Commission as to the maximum number of channels or frequencies for the use of which broadcasting licenses may be issued within any designated geographical area, and the classes of applicants to whom broadcasting licenses may not be issued. It is my information that the Canadian Radio-Television Commission is awaiting these Orders in Council before it can consider your Company's application, as well as other applications for licenses across the country. With the result today of the General Election, we have hopes that the Cabinet will get down to passing these Orders-in-Council so that your Company's application and others, can be heard.

Again I am happy to report that the prospects for the current financial year are good, provided present economic and market conditions continue.

May I convey to all the staff of the Standard Group, your appreciation for their individual efforts which have made the past year's results possible.

Thank you very much for coming here today and I would now be happy to answer any questions which you care to make.

STANDARD RADIO LIMITED 1967-68

Directors

George Montegu Black, Jr.
William A. Corbett
W. C. Thornton Cran, F.C.A.
Pierre P. Daigle
Hon. George B. Foster, Q.C.
W. Leo Knowlton, Q.C.
A. Bruce Matthews, C.B.E., D.S.O., E.D.
John A. McDougald
Maxwell C. G. Meighen, O.B.E.
J. Harry Ratcliffe, C.B.E.

Officers

Chairman of the Board, John A. McDougald
President, W. C. Thornton Cran
Vice-President, Donald H. Hartford
Vice-President, Waldo J. Holden
Vice-President, Hollis T. McCurdy
Vice-President, Secretary
and Treasurer, D. A. Williams, C.A.
Assistant Secretary, John Mogg, F.C.I.S.
Assistant Treasurer, Mrs. M. M. MacRae

Transfer agent and registrar

Crown Trust Company, Toronto and Montreal

Auditors

McDonald, Currie & Co.
Chartered Accountants

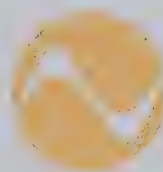
Bankers

Canadian Imperial Bank of Commerce
The Royal Bank of Canada

Subsidiary companies

CFRB Limited, Toronto
CJAD Limited, Montreal
Standard Broadcast Sales Company Limited
Toronto and Montreal
Canadian Standard Broadcast Sales Inc.
New York
Standard Broadcast Productions Limited,
Toronto
Standard Sound Systems Company Limited
Toronto, Montreal, Kitchener

The Annual Meeting of Shareholders will be held at
the Royal York Hotel (British Columbia Room), Toronto,
on Wednesday, June 26, 1968, at 12.00 noon.



REPORT TO THE SHAREHOLDERS



JOHN A. McDOUGALD
Chairman of the Board

Your Directors are pleased to present the 43rd Annual Report of the Company which covers the 12 months ended March 31st, 1968.

It was a year of continued growth. Total sales and profits were the highest recorded in the history of the Company. Consolidated earnings after all taxes were \$1,918,996 equal to \$1.72 per share, compared with \$1,482,692 for the preceding year—\$1.36 per share outstanding.

The Company has up-dated and improved the Employees' Pension Plan to keep abreast with current trends. The net cost of \$61,000 has been charged off as a non-recurring expense in this year's accounts.

A non-recurring capital profit of \$176,000 arose during the year from the sale of the former CJAD transmitter site outside Montreal.

During April, 1968, the annual rate of dividend was increased from 40¢ to 50¢ per share which was the eighth consecutive annual increase. In addition, a Special Dividend of 50¢ per share was paid to shareholders on April 10th, 1968.

This year, for the first time, the Company is publishing Gross revenue figures in its statement of earnings. From this, shareholders will be able to appreciate the continued growth of their business.

Six years ago, the Company split its stock five shares for one. A further subdivision of five shares for one is now proposed by the Directors and a bylaw will be submitted confirming this at the forthcoming Annual Meeting.

Shareholders will also be asked to approve a bylaw changing the Company's name from Standard Radio Limited to Standard Broadcasting Corporation Limited, which is felt is

more descriptive of the expanding scope of the Company's activities.

Approval of the 1968 Stock Option Plan is being asked of shareholders. This Plan could be of particular assistance should the Company acquire a television license or further expand its activities in other directions.

RADIO BROADCASTING

CFRB TORONTO, continues its dominant position not only as the leading station in the Toronto market, but also as the largest radio station in Canada both in audience and advertising volume.

CKFM TORONTO, has established a leading position in the FM market and with its own staff broadcasts separate programming in FM Stereo 24 hours a day. CKFM revenues and profits have continued to increase.

CJAD MONTREAL, had an exciting year involved as it was in EXPO '67 and again achieved record sales and profits. CJAD continues to be the dominant English-speaking station in the Montreal market.

CJFM MONTREAL, has recently registered encouraging listener gains which should be reflected in improved results for the coming year.

STANDARD BROADCAST SALES COMPANY LIMITED

During the past year this Company also increased its revenue and profits and maintains a high regard in the industry. Now in its seventh year "SBS", as it has become known, probably writes more national advertising than any other Canadian radio sales representative. For the first time, Canadian Standard



W. C. THORNTON CRAN
President

Broadcast Sales, Inc., in New York, made a modest contribution to the corporate profits.

STANDARD SOUND SYSTEMS COMPANY LIMITED

During the year a further subsidiary company under this title was formed to include the activities of the Montreal and Toronto Background Music operations. In addition, Standard Sound Systems has recently taken over the DuKane inter-communications systems distributorship for Central Ontario to supply schools, hospitals, offices, churches, hotels and industrial plants. This new subsidiary has also secured the franchise for Ring-Master communications systems including sophisticated intercom telephones. An office has been opened in Kitchener, Ontario and the Company anticipates a healthy growth in the current year with these new lines.

During 1967/68 the Montreal Background Music operation registered increased profits and the Toronto operation, while not yet profitable, is becoming established more rapidly than budgeted.

STANDARD BROADCAST PRODUCTIONS LIMITED

During this, the Company's second year, activities and revenue increased substantially with modestly profitable results.

We are proud of the activities of this Company in providing more and more news and Canadian program features to other Canadian broadcasting stations from coast-to-coast.

TELEVISION

In November, 1967, a letter was sent to shareholders outlining the position of CFRB's application for a license to serve the Toronto area on Channel 13. New broadcasting legislation came into effect on the 1st April, 1968, and the Canadian Radio-Television Commission now awaits Orders-in-Council as to frequencies and classes of applicants to whom licenses may be issued. We doubt if any action will be taken by the Government until the Federal Election is over. Meanwhile, your Company is up-dating its television application and will take all steps necessary to place this application before the Commission as soon as it can be heard.

OUTLOOK

Our broadcasting stations are in a strong audience position and we entered the year with orders on hand higher than they were a year ago. If present economic and market conditions continue, we look forward to a satisfactory year.

In few industries does the individual contribution of staff members mean so much to the success of Company operations as it does in broadcasting. Your Directors again wish to record their appreciation of the loyalty, efficiency and enthusiasm of the staff of all divisions of Standard Radio who have helped make 1967-68 so successful.

JOHN A. McDOUGALD
Chairman of the Board

W. C. THORNTON CRAN
President

May 30, 1968

STANDARD R

AND SUBSIDI

CONSOLIDATED**A S A T M A R****ASSETS**

	1968	1967
CURRENT		
Cash.....	\$ 95,881	\$ 66,015
Marketable and other investments— at cost, which approximates market value.....	6,166,798	4,466,528
Accounts receivable.....	1,465,075	1,252,436
Inventories—at the lower of cost or market.....	92,837	30,569
Prepaid expenses.....	137,110	132,905
	<u>7,957,701</u>	<u>5,948,453</u>
 FIXED—at cost		
Buildings and equipment.....	2,768,482	2,559,012
Accumulated depreciation.....	1,957,098	1,762,043
	<u>811,384</u>	<u>796,969</u>
Leasehold improvements, less amortization.....	388,315	405,782
Land.....	256,110	222,427
	<u>1,455,809</u>	<u>1,425,178</u>
	<u><u>\$9,413,510</u></u>	<u><u>\$7,373,631</u></u>

AUDITORS' REPORT

We have examined the consolidated balance sheet of Standard Radio Limited and subsidiary companies as at March 31, 1968 and the consolidated statements of earnings, reinvested earnings, and source and use of funds, for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Toronto, May 14, 1968

DIO LIMITED

COMPANIES

Balance Sheet

31, 1968

LIABILITIES

CURRENT

	1968	1967
Accounts payable and accrued	\$ 361,286	\$ 388,180
Income Taxes	903,915	671,713
Dividends payable	695,906	108,986
	<u>1,961,107</u>	<u>1,168,879</u>

SHAREHOLDERS' EQUITY

Capital stock		
Authorized—		
2,000,000 common shares without nominal or par value		
Issued and fully paid—		
1,113,450 shares (Note 1)	858,386	501,789
Reinvested earnings	6,594,017	5,702,963
	<u>7,452,403</u>	<u>6,204,752</u>
	<u>\$9,413,510</u>	<u>\$7,373,631</u>

Signed on behalf of the Board:

JOHN A. McDOUGALD
W. C. THORNTON CRAN
Directors

THE SHAREHOLDERS

In our opinion, these financial statements present fairly the consolidated financial position of the companies as at March 31, 1968 and the consolidated results of their operations and source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Chartered Accountants.

CONSOLIDATED STATEMENT OF EARNINGS

FOR THE YEAR ENDED MARCH 31

	1968	1967
Gross Revenue.....	\$8,984,543	\$7,614,951
Operating costs and expenses (Note 2).....	5,268,417	4,504,183
Depreciation and amortization.....	262,080	260,139
Operating profit.....	3,454,046	2,850,629
Income from investments.....	300,636	196,063
	3,754,682	3,046,692
Non-recurring items		
Profit on sale of land.....	176,093	—
Past service pension cost.....	(61,000)	—
Net earnings before taxes.....	3,869,775	3,046,692
Provision for income taxes.....	1,950,779	1,564,000
Net Earnings for the Year.....	\$1,918,996	\$1,482,692
Net earnings per share..... (based on total shares outstanding at year end)	1.72	1.36

CONSOLIDATED STATEMENT OF REINVESTED EARNINGS

FOR THE YEAR ENDED MARCH 31

	1968	1967
Balance—beginning of year.....	\$5,702,963	\$4,622,121
Net Earnings for the year.....	1,918,996	1,482,692
	7,621,959	6,104,813
Regular Dividends.....	471,217	401,850
Special Dividend—50¢ per share, April 1968.....	556,725	—
	1,027,942	401,850
Balance—end of Year.....	\$6,594,017	\$5,702,963

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- 1. STOCK OPTION PLAN** — All 50,000 shares reserved under the 1964 Stock Option Plan have now been allotted. At 31st March, 1968, there were unexercised options covering 11,550 shares (officers 1,000 shares, other key employees 10,550 shares). The option price of \$29.875 per share was the market price on the date the outstanding options were granted. These options are exercisable until May 1972. During the year options were exercised on 23,590 shares for consideration of \$356,597.
- 2. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS** — Remuneration and fees paid to company's directors including directors holding salaried employment with the company totalled \$118,375 (previous year \$117,334). Remuneration of senior officers who were not directors amounted to \$167,872 (previous year \$168,658).
- 3. LONG-TERM LEASE** — The aggregate liability as at March 31, 1968, for future rental under leases on premises occupied by the companies amounts to \$2,993,076 and is applicable to terms not exceeding 22 years.
- 4. AMERICAN SUBSIDIARY** — The accounts of the American subsidiary company have been converted at the approximate rate of exchange prevailing at the year end.
- 5. CONTINGENT CAPITAL COMMITMENT** — In March, 1967, Standard Radio Limited authorized its subsidiary CFRB Limited, to lodge applications with the Government of Canada for a license for a third Toronto VHF television station. If such a license were granted and CFRB Limited were to proceed with this project it would incur substantial capital expenditures which would be met from existing resources and funds to be provided under a commitment from its bankers.

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

FOR THE YEAR ENDED MARCH 31

	1968	1967
<i>Source of Funds</i>		
Net Earnings for the Year.....	\$1,918,996	\$1,482,692
Add: Charges not requiring cash outlay—		
Depreciation and amortization.....	262,080	260,139
	<u>2,181,076</u>	<u>1,742,831</u>
Deduct: Profit on Sale of Land.....	176,093	—
	<u>2,004,983</u>	<u>1,742,831</u>
Proceeds on Sale of Fixed Assets.....	197,354	7,818
Proceeds from Issue of Shares Under Option.....	356,597	135,120
	<u>2,558,934</u>	<u>1,885,769</u>
<i>Use of Funds</i>		
Additions to Fixed Assets.....	313,972	233,042
Dividends paid.....	1,027,942	401,850
	<u>1,341,914</u>	<u>634,892</u>
Increase in Working Capital.....	<u>1,217,020</u>	<u>1,250,877</u>
Working Capital—Beginning of Year.....	4,779,574	3,528,697
Increase in Working Capital.....	<u>1,217,020</u>	<u>1,250,877</u>
Working Capital—End of Year.....	<u>\$5,996,594</u>	<u>\$4,779,574</u>

EIGHT YEAR COMPARATIVE STATEMENT OF EARNINGS

(000 omitted)

	1968	1967	1966	1965	1964	1963	1962	1961
Gross Revenue.....	8,984	7,615	6,523	5,769	5,338	4,460	3,802	2,380
Operating Costs and Expenses.....	5,268	4,504	3,825	3,397	3,297	2,918	2,572	1,586
Depreciation and Amortization.....	262	260	261	263	347	173	169	58
Operating Profit.....	3,454	2,851	2,437	2,109	1,694	1,369	1,061	736
Income from Investments.....	301	196	127	82	70	64	36	65
	<u>3,755</u>	<u>3,047</u>	<u>2,564</u>	<u>2,191</u>	<u>1,764</u>	<u>1,433</u>	<u>1,097</u>	<u>801</u>
Non-recurring Profits and Costs—net.	115		46					(125)
Net Earnings before Taxes.....	3,870	3,047	2,610	2,191	1,764	1,433	1,097	676
Provision for Income Taxes.....	1,951	1,564	1,341	1,122	917	744	578	364
Net Earnings for the Year.....	<u>1,919</u>	<u>1,483</u>	<u>1,269</u>	<u>1,069</u>	<u>847</u>	<u>689</u>	<u>519</u>	<u>312</u>
Per Share (adjusted for stock split in 1962 and based on outstanding shares at each year end)...	\$1.72	\$1.36	\$1.18	.99	.79	.64	.48	.29

The Canadian Talent Library

CTL is recognized as one of the most effective means of securing greater acceptance of the work of Canada's professional musicians, singers, composers, and arrangers.

Established six years ago by CFRB Toronto and CJAD Montreal, this is a non-profit trust whose purpose is to further the use of Canadian music by broadcasters.

CFRB and CJAD contribute much time and effort to produce and promote these recordings. 132 private radio stations across Canada, now subscribe to the monthly Canadian Talent Library releases.



The 100th album, "The Big Band of Johnny Burt" just released features 29 musicians. Selections include four new Canadian compositions recorded for the first time.

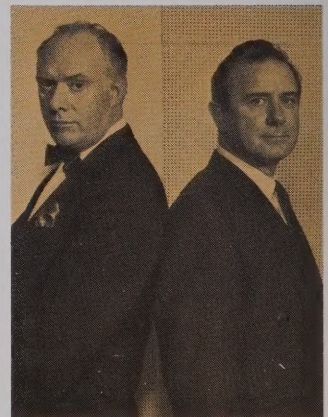
Standard Radio News System

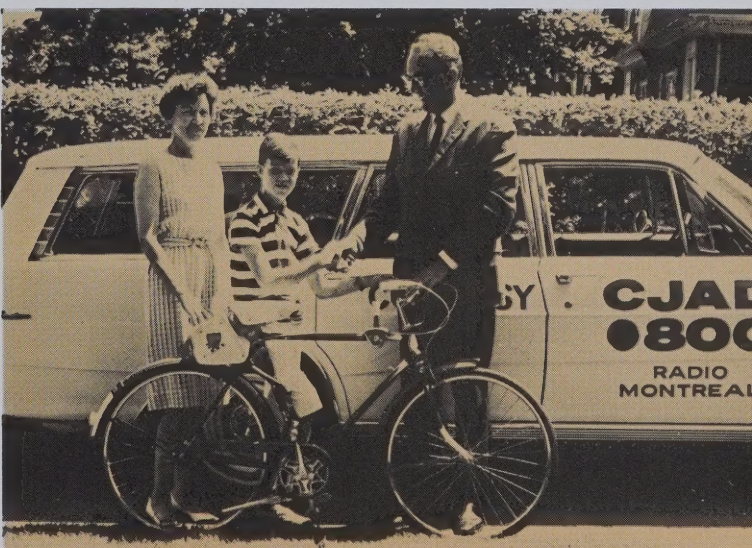
Standard Radio News now serves 25 leading private radio stations throughout Canada 24 hours a day. Voice reports are gathered, edited, and transmitted by microwave to subscribing stations from the CFRB Newsroom in Toronto. One of the key success factors of the service is the Standard Radio News Ottawa Bureau headed by experienced news analyst Perry Anglin (right) assisted by veteran reporter Ralph Errington (left). Standard Radio News is providing an essential service keeping Canadians informed about themselves and the rest of the world. Exclusive to subscribing stations, this provides news facilities individual radio stations could not afford by themselves.



Standard Broadcast Productions

This subsidiary company offers another example of how CFRB and CJAD assist stations in other markets by providing syndicated radio program material of Canadian origin. "Dialogue" with Pierre Berton (left) and Charles Templeton (right), "The Way I See It" with Bob Hesketh, and "Belanger on Business" with John Belanger are typical of the programs created by Standard Radio stations and made available to other private stations.





1	4
2	5
3	6

1. Among the hundreds of celebrities visiting CFRB last year were stage and screen star Eddie Bracken with his actress daughter, here interviewed on "The Betty Kennedy Show".

2. CJAD arranged for composer Bobby Gimby to conduct Montreal school choirs in the singing of his hit song, "Canada"; shown here with his famous trumpet.

3. Hockey star Bobby Hull takes time out in a recent Toronto visit to be interviewed by CFRB Sports Director, Bill Stephenson, for his "Sportviews" show.

4. When Golfing's great Arnold Palmer came to the Board of Trade Country Club for a preview round before the Carling World Golf Tournament, he was met by Wally Crouter and flown into the club in the CFRB Helicopter.

5. CFRB and CKFM held an informal "Welcome Neighbour" Party for the Foster Advertising staff in its new offices. Agency President, Harry E. Foster has coffee with CFRB's D. H. Hartford and J. H. Dawson.

6. CJAD stimulates Montreal boys' interest in safety with bicycle awards for safety-slogan contest.

